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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 29, 2015

Barry Peterson
Gold Star Stone Inc.
1648 South 600 West
Oakley, Idaho 83346-9761

Subject: Status Update and Directive to Update Corporate Information for Mine Permits, Gold Star Stone, Inc., Sierra Starlight Quarry, S/003/0049, and Lone Pine Quarry, M/003/0050, Box Elder County, Utah.

Responses required by March 21, 2016, April 1, 2016, and August 31, 2016

Dear Mr. Peterson:

The purpose of this letter is to summarize the outstanding issues with the two referenced quarries that you have in Box Elder County, Utah.

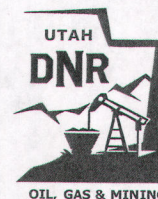
Sierra Starlight Quarry (S/003/0049):

The Division has not received the annual permit fee of \$150.00 for 2016, which was due February 16, 2016. Therefore this permit is considered suspended until the permit fee is remitted. No mining or removal of stone may be done until the Division receives the fee. Reclamation work may be done during the suspension period.

On August 31, 2015 the Division asked for a surety increase of \$24,400 or \$25,300 (three- or five-year escalation) by October 16, 2015. The Division has not received the increase or a request for an extension of the deadline for submitting the increase. Based on your letter dated February 10, 2016, however, the Division extends this deadline until August 31, 2016, **but the Division must receive the increased surety prior to the re-commencement of mining operations.** Reclamation work may continue, and this would reduce the amount of surety needed. The Division encourages you to complete the reclamation of the Briggs Quarry area as soon as possible.

Lone Pine Quarry (M/003/0050):

Approval to mine is suspended until all past due permit fees totaling \$2,000 are remitted (\$500.00 per year for four years). This was to be paid by February 16, 2016. The Division may take enforcement action on this issue which would include a fine.



As discussed in the Division's September 23, 2015, letter, the Division must receive an increase of \$5900 in the surety amount before operations resume but no later than August 31, 2016. The Division may take enforcement action if you fail to meet this deadline.

Notice of violation MN-2015-17-08 was issued by inspector Lynn Kunzler for failure to properly dispose of trash and debris, specifically, the demolished house trailer. The cleanup was to be completed by October 15, 2015, but the Division has been unable to inspect the site to verify whether this work has been completed. An inspection will be performed during the early part of 2016. If the debris and trash from the demolished trailer are still on site, the Division will be issuing a failure to abate Cessation Order, which, among other issues, will carry a minimum fine of \$750.00 per day until the debris is removed. A proposed assessment of \$2,200.00 was levied on November 25, 2015. Since the Division did not receive a request for an appeal or review of the fact of this violation or the proposed penalty in a timely manner, this fine is now considered final and is due and payable by March 21, 2016. Please note that because you did not request a timely review/appeal, the Division now considers that your rights to appeal this matter have been waived.

Both Quarries:

The February 10, 2016, letter was from Junction Valley Stone, Inc., and was signed by Nikki Mickelsen for Barry Peterson as the owner of Gold Star Stone, Inc./Junction Valley Stone, Inc. Neither of these entities is registered to do business in Utah. If you are now going to operate under the name of Junction Valley Stone, Inc., you need to submit an amendment to both of the Notices of Intention providing replacement pages to reflect the new operator name. Please use form MR-REV for the Lone Pine Quarry and form MR-REV-SMO/EXP for the Sierra Starlight Quarry. These are available on the Division's web site at <http://linux3.ogm.utah.gov/WebStuff/wwwroot/minerals/default.html#>. You will also need to register your company name, Junction Valley Stone, Inc. with the Utah Div. of Corporations. If you are to continue under the name of Gold Star Stone, Inc., you need to renew the business registration with the Utah Division of Corporations which expired in February 2010.

By April 1, 2016, please notify the Division under which name you intend to operate and update the Division of Corporations registration and Notices of Intention accordingly.

Summary:

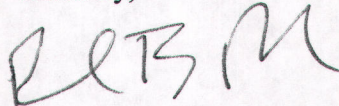
1. Both quarries are under suspension. Only reclamation work may be done until the past due annual permit fees are remitted (total of \$2,150 for both projects).
2. Before mining and removal of stone may continue, or by August 31, 2016, whichever is earlier, the escalated surety amounts need to be provided. These amounts are \$5,900.00 for the Lone Pine Quarry and either \$24,400.00 (three-year escalation) or \$25,300.00 (five-year escalation) for Sierra Starlight.

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3. The assessed penalty of \$2,200.00 for violation # MN-2015-17-08 is due and payable by March 21, 2016. If the violation has not been abated prior to the Division inspecting the site, a Failure to Abate Cessation Order will be issued with a minimum \$750.00/day assessment until it is abated to a maximum of \$22,500.00.
4. The business registration with the Utah Division of Corporations needs to be renewed for Gold Star Stone, Inc., or you need to register Junction Valley Stone, Inc.

Should you have any questions about this letter, please call Lynn Kunzler at 801-538-5310 or me at 801-538-5261. The Division would also be glad to meet with you and discuss these issues.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. Baker' or similar, with a stylized 'M' at the end.

Paul Baker
Minerals Program Manager